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COMPANY INFORMATION

| | | |
|--|--|---|
| Board of Directors | Mr. Sikandar M. Khan Mr. Shahid A. Hakim Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Javed Munir Mr. Sajid Hassan Mr. Mujtaba Ahmed | Chairman Chief Executive Director Director Director Director Director Director (NIT Nominee) Director |
| Company Secretary | Mr. M. Mushtaq Akhtar | |
| Chief Financial Officer | Mr. Faisal Lakhani | |
| Auditors | M/s. Ford Rhodes Sidat Hyder & Co. | Chartered Accountants |
| Legal Advisors | M/s. Walker Martineau Saleem | Advocates & Legal Consultants |
| Bankers | Habib Bank Limited MCB Bank Limited Royal Bank of Scotland Bank Alfalah Limited Dubai Islamic Bank JS Bank Limited | |
| Factory & Registered Office | Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-363293, 363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com | |
| Head Office | F-1, Hub River Road, S.I.T.E., Karachi Tel : +92-21-2579681, 2579819 Fax : +92-21-2573558 E-mail: bclho@bclpk.com | |
| Web Site | www.bolancastings.com | |

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company take this opportunity to present the un-audited accounts for the 1st quarter ended September 30, 2008.

Operating and Financial Results

The net sales for the 1st quarter were Rs. 359.632 million as compared to Rs. 240.069 million of the same period last year.

The gross profit for the 1st quarter under review was Rs. 24.712 million as against Rs. 8.091 million of the same period last year.

The loss before tax for the period under review was Rs. 2.189 million as against loss of Rs. 10.073 million of the same period last year.

The loss after tax for the 1st quarter was Rs. 2.189 million as compared to loss of Rs. 10.906 million of the same period last year.

The profitability is mainly affected as a result of higher input cost pertaining to materials, energy, overheads and higher financial charges.

The loss per share for the 1st quarter ended September 30, 2008 were Rs. 0.36 per share as against the loss of Rs. 1.79 per share of the same period last year.

Future Prospects

The prices of our raw materials have now started showing a downward trend. Therefore, expected reduction in prices of our main raw materials during coming months is likely to help in reducing our input cost provided Pakistani Rupee to Dollar parity does not go too adverse. Nevertheless, we expect better margins in future.

Acknowledgement

We would like to thank our customers and the shareholders for their trust and confidence in the Company. We also would like to convey our appreciation to entire BCL team including officers and workers for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



SIKANDAR M. KHAN
Chairman

Karachi:
October 29, 2008

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2008

| ASSETS | Note | Un-Audited September 30, 2008 Rupees | Audited June 30, 2008 Rupees |
|--------------------------------------|------|---|---------------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 249,826,164 | 252,155,215 |
| Available for sale financial asset | | 15,740,625 | 16,962,500 |
| Long term loans | | 1,151,800 | 608,000 |
| Long term deposits | | 3,811,160 | 3,808,660 |
| | | 270,529,749 | 273,534,375 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 88,741,785 | 74,755,416 |
| Stock-in-trade | | 234,628,337 | 157,689,411 |
| Trade debts | | 168,884,901 | 193,470,877 |
| Loans and advances | | 18,900,124 | 15,556,601 |
| Deposits and short term prepayments | | 39,129,753 | 41,395,974 |
| Other receivables | | 4,769,087 | 665,824 |
| Taxes recoverable | | 49,926,911 | 43,786,496 |
| Cash and bank balances | | 6,742,737 | 6,090,689 |
| | | 611,723,635 | 533,411,288 |
| TOTAL ASSETS | | 882,253,384 | 806,945,663 |
| EQUITIES AND LIABILITIES | | | |
| SHARE CAPITAL | | 60,778,380 | 60,778,380 |
| RESERVES | | 270,750,111 | 274,161,374 |
| | | 331,528,491 | 334,939,754 |
| NON-CURRENT LIABILITIES | | | |
| Long term finance | 5 | 32,206,686 | 50,331,686 |
| Deferred taxation | | 14,038,215 | 14,038,215 |
| Deferred liabilities | | 17,052,931 | 16,913,989 |
| | | 63,297,832 | 81,283,890 |
| CURRENT LIABILITIES | | | |
| Current portion of long term finance | | 36,250,000 | 36,250,000 |
| Trade and other payables | | 163,032,058 | 73,062,662 |
| Accrued interest/mark-up | | 8,751,050 | 7,296,961 |
| Short term borrowings | | 279,393,953 | 274,112,396 |
| | | 487,427,061 | 390,722,019 |
| CONTINGENCIES AND COMMITMENTS | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 882,253,384 | 806,945,663 |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
Chief Executive


SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008

| | Note | September 30, 2008 Rupees | September 30, 2007 Rupees |
|---|------|---------------------------------|---------------------------------|
| Net sales | 7 | 359,632,244 | 240,068,929 |
| Cost of goods sold | 8 | (334,920,179) | (231,978,106) |
| Gross profit | | <u>24,712,065</u> | <u>8,090,823</u> |
| Distribution expenses | | (7,535,655) | (5,985,475) |
| Administrative expenses | | (7,627,258) | (5,003,859) |
| Other operating expenses | | (251,544) | (583,600) |
| | | <u>(15,414,457)</u> | <u>(11,572,934)</u> |
| Other operating income | | <u>1,076,698</u> | 153,518 |
| Profit / (Loss) from operations | | <u>10,374,306</u> | <u>(3,328,593)</u> |
| Finance cost | | <u>(12,563,694)</u> | <u>(6,744,666)</u> |
| Loss before taxation | | <u>(2,189,388)</u> | <u>(10,073,259)</u> |
| Taxation | | - | (832,980) |
| Loss after taxation | | <u>(2,189,388)</u> | <u>(10,906,239)</u> |
| Earnings per share - Basic and diluted (Rupees) | | <u>(0.36)</u> | <u>(1.79)</u> |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008

| | Note | September 30, 2008 Rupees | September 30, 2007 Rupees |
|--|------|---------------------------------|---------------------------------|
| Cash Flow from Operating Activities | | | |
| Cash generated from operations | 9 | 35,818,528 | 24,522,504 |
| Net (increase) in long term loans | | (543,800) | (539,300) |
| Net (increase) in long term trade deposits | | (2,500) | - |
| Taxes paid | | (6,140,415) | (5,244,026) |
| Retirement benefits paid | | (109,963) | (131,157) |
| Financial charges paid | | (11,109,605) | (5,647,240) |
| Net Cash Inflow from operating activities | | 17,912,245 | 12,960,781 |
| Cash Flow from Investing Activities | | | |
| Capital expenditure | | (5,034,949) | (3,829,782) |
| Proceeds from disposal of operating assets | | 573,307 | - |
| Return on bank deposits received | | 44,888 | 148,565 |
| Net cash (outflow) from investing activities | | (4,416,754) | (3,681,217) |
| Cash Flow from financing activities | | | |
| Repayment of long term finance | | (18,125,000) | (18,125,000) |
| Net cash (outflow) / inflow from financing activities | | (18,125,000) | (18,125,000) |
| Net (decrease) in cash & cash equivalents | | (4,629,509) | (8,845,436) |
| Cash and cash equivalents at beginning of the year | | (268,021,707) | (153,761,365) |
| Cash and cash equivalents at the end of the period | | (272,651,216) | (162,606,801) |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008

| | Share Capital | General Reserve | Unrealised gain/(loss) on long term investment | Unappropriated Profit | Total |
|--|-------------------|--------------------|---|--------------------------|--------------------|
| | (Rupees) | | | | |
| Balance as on June 30, 2007 | 55,253,070 | 230,000,000 | 13,475,000 | 26,626,525 | 325,354,595 |
| Loss for the 1st quarter ended September 30, 2007 | - | - | - | (10,906,239) | (10,906,239) |
| Unrealised loss due to change in fair values of long-term investments | - | - | (158,125) | - | (158,125) |
| Transfer to general reserve | - | 10,000,000 | - | (10,000,000) | - |
| Balance as on September 30, 2007 | <u>55,253,070</u> | <u>240,000,000</u> | <u>13,316,875</u> | <u>5,720,286</u> | <u>314,290,231</u> |
| Balance as on June 30, 2008 | 60,778,380 | 240,000,000 | 11,462,500 | 22,698,874 | 334,939,754 |
| Loss for the 1st quarter ended September 30, 2008 | - | - | - | (2,189,388) | (2,189,388) |
| Unrealised loss due to change in fair values of long-term investments | - | - | (1,221,875) | - | (1,221,875) |
| Transfer to general reserve | - | 16,500,000 | - | (16,500,000) | - |
| Balance as on September 30, 2008 | <u>60,778,380</u> | <u>256,500,000</u> | <u>10,240,625</u> | <u>4,009,486</u> | <u>331,528,491</u> |

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2008

- 1 The Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. The registered office of the Company is situated at main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. The Company manufactures and sells castings for tractors and automotive parts.
- 2 These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard 34 - 'Interim Financial Reporting'.
- 3 The accounting policies adopted in the preparation of these quarterly financial statements are the same as those applied in the preparation of the audited published financial statements of the Company for the year ended June 30, 2008.

| | September 30, 2008 Rupees | June 30, 2008 Rupees |
|---|--|----------------------------|
| 4 PROPERTY , PLANT AND EQUIPMENT | | |
| Operating fixed assets (note 4.1 and 4.2) | 248,012,712 | 250,528,443 |
| Capital work-in-progress (note 4.3) | 1,813,452 | 1,626,772 |
| | <u>249,826,164</u> | <u>252,155,215</u> |

4.1 Capitalization of operating assets during the period / year were as follows:

| | | |
|----------------------------------|------------------|------------|
| Building on freehold land | - | 10,015,783 |
| Plant and machinery | 633,000 | 12,466,292 |
| Electrical and Gas Installations | 624,180 | - |
| Furniture and Fittings | 53,220 | 417,170 |
| Electrical appliances | 175,620 | 354,949 |
| Office Equipments | 17,000 | 165,450 |
| Computers | 44,041 | 385,622 |
| Vehicles | 3,301,208 | 3,910,886 |

4.2 During the period assets costing Rs. 2,627,000 having net book value of Rs. 569,576 were disposed off for Rs. 573,307.

4.3 During the period the Company incurred expenditure on work-in-progress in respect of civil works amounting to Rs. 186,680 (June 30, 2008: Rs.1,626,772).

5 LONG TERM FINANCE - Secured

This represents the demand finance facility, amounting to Rs. 145 million (June 30, 2008: Rs. 145 million) to finance the 'Balancing, Modernization, Replacement' of the Company's existing foundry. The amount utilized against this facility is repayable in 8 half yearly installments commencing from February 2007 and carries standard mark-up at the rate of 14.6% per annum and timely payment mark-up at the rate of 'KIBOR plus 0.75%'. The facility is secured by way of first registered equitable mortgage charge of Rs. 182 million on overall present and future fixed assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

6 CONTINGENCIES AND COMMITMENTS

Outstanding letters of credit at the end of the period amounted to Rs. 209.792 million (June 30, 2008: Rs. 216.828 million).

- 6.1** The Company had filed returns declaring the tax losses during the tax holiday period amounting to Rs. 82.724 million and Rs. 17.227 million for the assessment years 1987-88 and 1988-89 respectively. These losses were disallowed by the assessing officer and upheld by the CIT (Appeals).

The Company filed an appeal with Income Tax appellate tribunal (ITAT), which decided the matter in the Company's favour.

The department filed a reference application before the Honourable High Court of Sindh, which upheld the ITAT's order in favour of the Company. The department has now filed a reference with the Supreme Court of Pakistan which is pending. In the event that the decision is not in the favour of the Company a tax liability of Rs. 23.9 million would arise representing the tax effect of losses relating to the tax holiday period utilized by the Company. The management of the Company, however, is confident that the decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

- 6.2** The Assessing Officer while finalizing for the assessment year 2001-2002 imposed penalty amounting to Rs. 1,734,884 on the alleged concealment of income. The matter is pending before the Honourable High Court of Sindh. The management, based on the advice of its legal advisor, is confident that the ultimate outcome of the matter will be decided in its favour and accordingly has made no provision for the liability in these financial statements.

| 7 NET SALES | September 30, 2008 Rupees | September 30, 2007 Rupees |
|---------------------------|---------------------------------|---------------------------------|
| Gross Local Sales | 446,961,529 | 300,635,058 |
| Less: Sales Return | <u>(26,191,804)</u> | <u>(24,090,473)</u> |
| | 420,769,725 | 276,544,585 |
| Less: Sales Tax | (57,541,159) | (35,760,076) |
| Less: Special Excise Duty | (3,596,322) | (2,384,005) |
| | (61,137,481) | (38,144,081) |
| Add: Export Sales | - | 1,668,425 |
| | <u>359,632,244</u> | <u>240,068,929</u> |

NOTES TO THE FINANCIAL STATEMENTS

| | September 30, 2008 Rupees | September 30, 2007 Rupees |
|-------------------------------------|---------------------------------|---------------------------------|
| 8 COST OF GOODS SOLD | | |
| Raw Material & Components consumed: | | |
| Opening Stock | 99,215,461 | 112,905,249 |
| Purchases | 258,121,934 | 153,484,009 |
| | 357,337,395 | 266,389,258 |
| Closing Stock | (127,854,364) | (126,213,212) |
| | 229,483,031 | 140,176,046 |
| Salaries,Wages & Benefits | 21,584,421 | 15,404,784 |
| Staff Welfare | 1,701,061 | 1,171,229 |
| Stores & Spares Consumed | 23,773,700 | 25,660,476 |
| Fuel & power | 58,886,743 | 30,221,580 |
| Machining Expenses | 2,412,830 | 1,084,358 |
| Other services | 15,624,722 | 12,257,467 |
| Travelling & Conveyance | 4,242,236 | 3,057,091 |
| Rent, Rates & Taxes | 112,296 | 95,555 |
| Repair and Maintenance | 1,592,155 | 634,959 |
| Insurance | 557,178 | 640,812 |
| Vehicle Expenses | 940,738 | 642,381 |
| Freight Expenses | 28,650 | - |
| Export Expenses | - | 104,591 |
| Depereciation | 6,571,248 | 6,567,486 |
| Others | 1,285,170 | 1,025,291 |
| | 139,313,148 | 98,568,060 |
| | 368,796,179 | 238,744,106 |
| Work-in-Process - Opening | 20,139,000 | 35,897,000 |
| - Closing | (32,110,000) | (42,367,000) |
| | (11,971,000) | (6,470,000) |
| Cost of Goods Manufactured | 356,825,179 | 232,274,106 |
| Finished Goods - Opening | 12,148,000 | 11,883,000 |
| - Closing | (34,053,000) | (12,179,000) |
| | (21,905,000) | (296,000) |
| Cost of Goods Sold | 334,920,179 | 231,978,106 |

NOTES TO THE FINANCIAL STATEMENTS

| | September 30, 2008 Rupees | September 30, 2007 Rupees |
|---|---------------------------------|---------------------------------|
| 9 CASH GENERATED FROM OPERATIONS | | |
| (Loss) / Profit before taxation | (2,189,388) | (10,073,259) |
| Adjustment for : | | |
| Depreciation | 6,794,425 | 6,777,976 |
| Provision for retirement benefits | 248,905 | 238,812 |
| (Gain) on sale of operating assets | (3,732) | - |
| Finance costs | 12,563,694 | 6,744,666 |
| Return on bank deposits | (55,515) | (153,518) |
| | 19,547,777 | 13,607,936 |
| Operating profit before working capital changes | 17,358,389 | 3,534,677 |
| Working Capital Changes | | |
| Decrease / (Increase) in current assets: | | |
| Stores, spares and loose tools | (13,986,369) | (2,343,443) |
| Stock-in-trade | (76,938,926) | 10,527,343 |
| Trade debts | 24,585,976 | 25,189,967 |
| Loans and advances | (3,343,523) | (708,940) |
| Deposits & short term prepayments | 2,266,221 | (5,015,373) |
| Other receivables | (4,092,636) | (1,557,476) |
| | (71,509,257) | 26,092,078 |
| (Decrease) / increase in current liabilities: | | |
| Trade and other payables | 89,969,396 | (5,104,251) |
| | 35,818,528 | 24,522,504 |

10 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

| Relationship with the Company | Nature of transactions | | |
|-------------------------------|---------------------------------|--------------------|-------------|
| Associates | | | |
| - Millat Tractors Limited | Sale of goods - net | 309,537,197 | 219,306,975 |
| - Millat Equipment Limited | Sale of goods - net | 1,605,150 | - |
| Post employment plans | | | |
| - Pension scheme | Contributions | 349,811 | 348,744 |
| - Provident funds | Contributions | 510,014 | 413,945 |
| - Gratuity scheme | Benefits paid on behalf of fund | 30,000 | - |

NOTES TO THE FINANCIAL STATEMENTS

10.1 The outstanding receivable and payable balance from /to Millat Tractors Limited as at September 30, 2008 amounted to Rs. 106,245,791 (June 30, 2008: Rs. 159,011,301) and Rs. Nil (June 30, 2008: Rs. Nil) respectively.

10.2 The outstanding receivable and payable balance from /to Millat Equipment Limited as at September 30, 2008 amounted to Rs. 1,878,026 (June 30, 2008: Rs. Nil) and Rs. Nil (June 30, 2008: Rs. Nil) respectively.

11 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard - 34, 'Interim Financial Reporting', the Balance Sheet has been compared with the preceding Balance Sheet as at the year end, whereas the Profit and Loss Account and Cash Flow Statements have been compared with the corresponding periods of the previous year. Corresponding figures have been re-arranged and reclassified where necessary, for the purpose of comparison.

12 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on October 29, 2008 by the Board of Directors of the Company.


SHAHID A. HAKIM
Chief Executive


SIKANDAR M. KHAN
Chairman